



# Carlsbad Caverns National Park

## CAVE001-08 Solicitation Site Visit

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09/20/06

Intermountain Concessions



## **SEC. 403. AWARD OF CONCESSIONS CONTRACTS.**

(1) **COMPETITIVE SELECTION PROCESS.**—Except as otherwise provided in this section, all proposed concessions contracts shall be awarded by the Secretary to the person, corporation, or other entity submitting the best proposal, as determined by the Secretary through a competitive selection process. Such competitive process shall include simplified procedures for small, individually-owned, concessions contracts.

(2) **SOLICITATION OF PROPOSALS.**—Except as otherwise provided in this section, prior to awarding a new concessions contract (including renewals or extensions of existing concessions contracts) the Secretary shall publicly solicit proposals for the concessions contract and, in connection with such solicitation, the Secretary shall prepare a prospectus and shall publish notice of its availability at least once in local or national newspapers or trade publications, and/or the Commerce Business Daily, as appropriate, and shall make the prospectus available upon request to all interested parties.



# Agenda

- Opportunity overview
- Timeline and Next Steps

## NOTE

*Anything discussed during the Site Visit is not an official part of the solicitation record and verbal comments made are the opinions of individuals present, and not necessarily the National Park Service.*

*Please submit all questions in writing prior to the question deadline for an official response.*

*If anything in this presentation or mentioned in the oral discussion conflicts with the Prospectus, the Prospectus will control.*



# CAVE001-08

## Opportunity overview

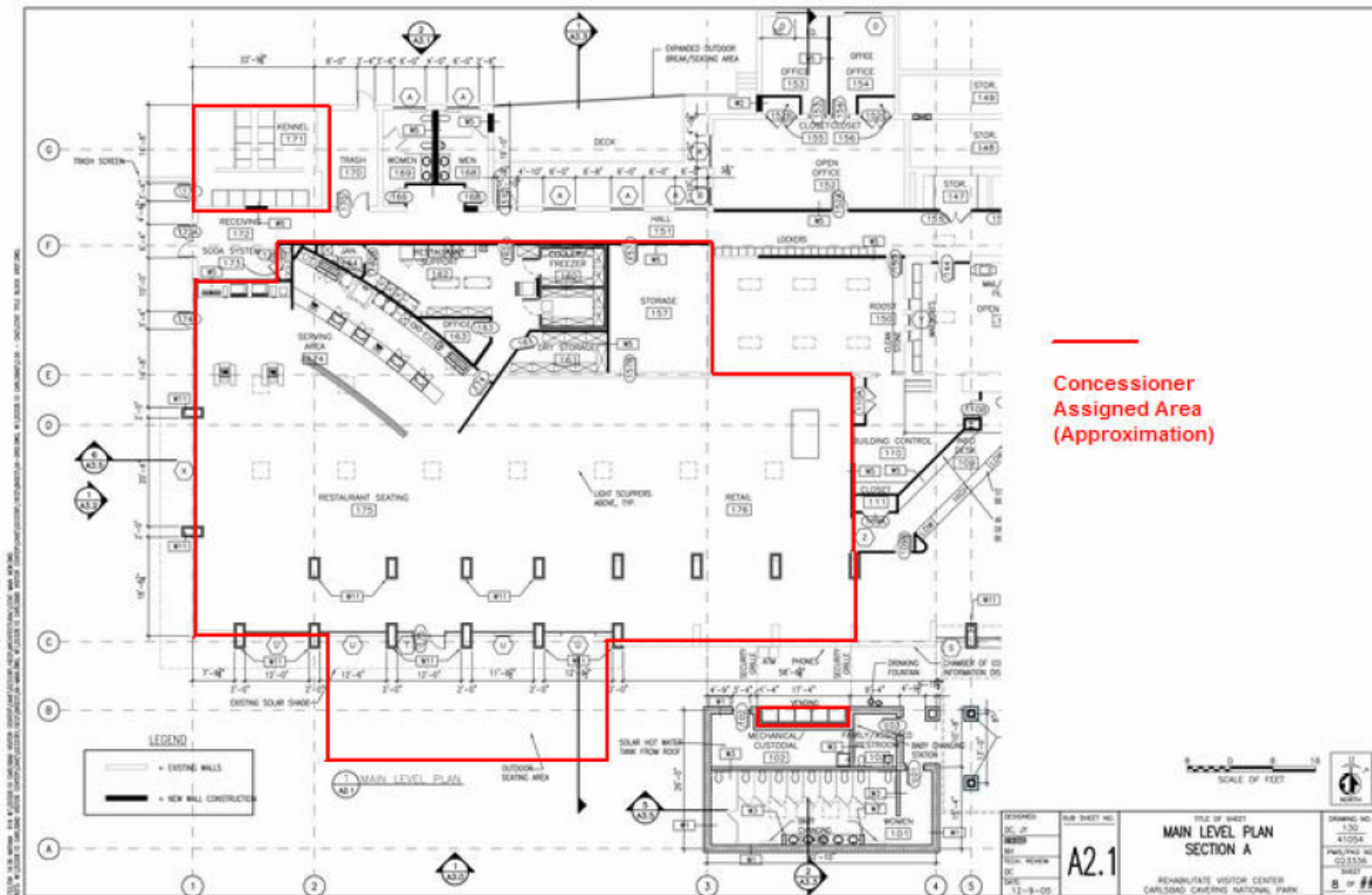
Offeror Site Visit

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# Surface Operation



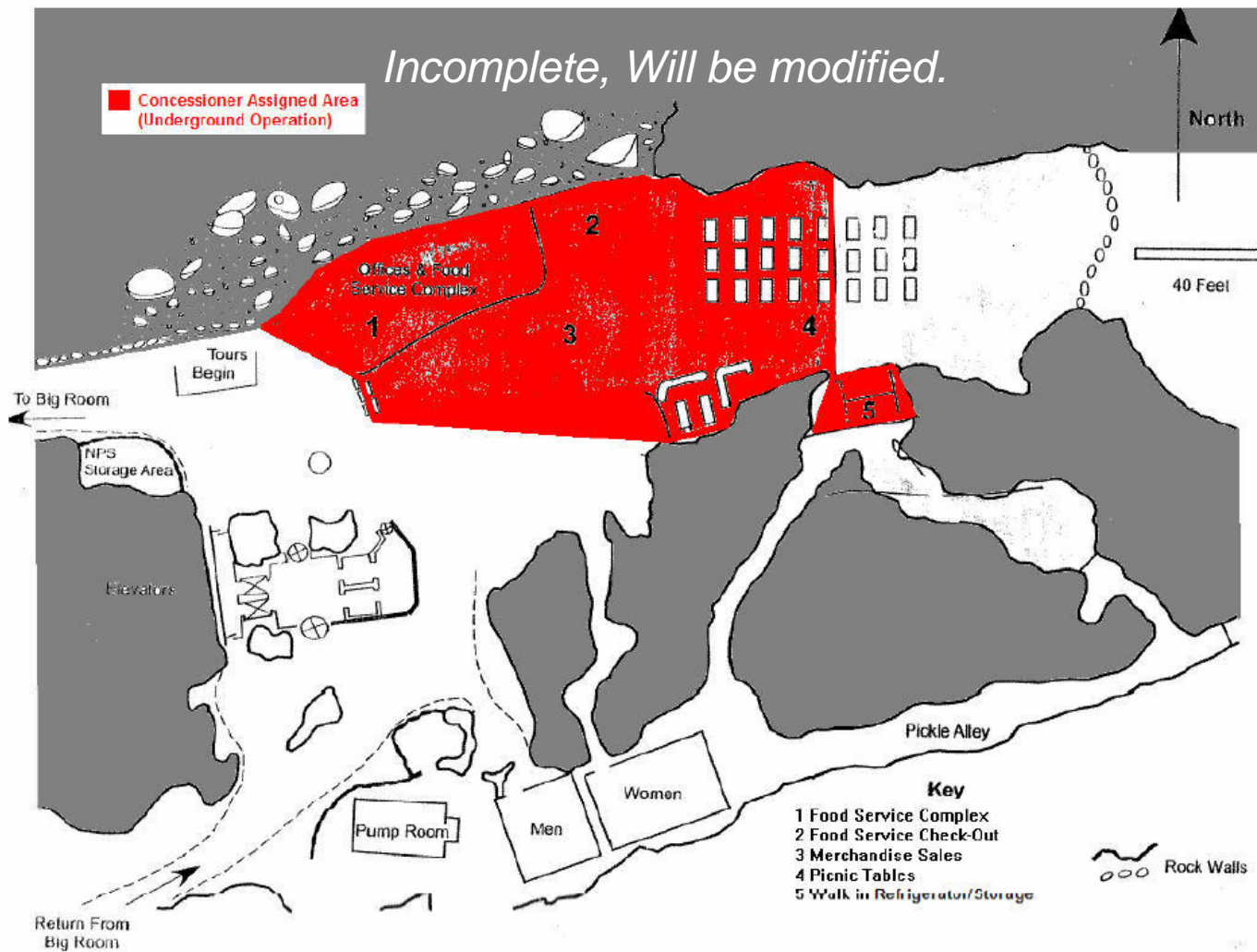
Exhibit 2 Surface Assignment Detail



# Underground Operation



Exhibit 3 Underground Assignment



Source: National Park Service

# Required and Authorized Services

The National Park Service  
Department of the Interior



## Required Services for the New Concession Contract

SURFACE OPERATION
Retail merchandise sales
Food and beverage service
Daily kennel service for pets
Vending machines in designated areas
UNDERGROUND OPERATION
Limited retail merchandise
Limited food and beverage service

## Authorized Services for the New Concession Contract

SURFACE OPERATION
<u>Merchandise and Bottled Water Sales</u> from a mobile cart or other mobile option during ranger led bat flight programs.

## Summary of Changes

A new facility for the entire Surface Operation.

Vending is a new required service.

Mobile Cart Merchandise and Bottled Water Sales is a new authorized service.

# Retail, Merchandise

The National Park Service  
Department of the Interior



## SURFACE

### **"Full-Service" Gift Shop PLUS limited Mobile Cart**

Interpretive themed apparel, souvenirs, books, Native American Handicrafts sold in 3000+ sq ft of space in a flexible display and layout.

**Create the merchandise environment and mix that they believe would best meet the needs of the Park visitors.**

Mobile Cart: Bat Flight Photo CD

## UNDERGROUND

### **"Limited Kiosk"**

Individually wrapped t-shirts, Individually wrapped sweatshirts, Postcards and postcard stamps, Area-related DVDs and Flashlights sold in fixed kiosks.



# Food and Beverage

The National Park Service  
Department of the Interior



## SURFACE

### **“Quick Service” PLUS “Grab N Go” PLUS Vending**

Offers a wide range of salads, soups and sandwiches as well as beverages and desserts, offered in an upscale environment. Could also include a rotating or permanent ethnic or regional specialty menu.

Customers place their order at the counter and pay, When completed the order is brought to the customer at their table or customers can pick it up at a counter and bring it back to a table. Approximately 120 indoor and 36 outdoor seats will be available.

**4000+ square foot of redesigned and newly equipped food and beverage operation which the concessioner creates their own dining experience that they believe would best meet the needs of the Park visitors**

We envision the Grab N Go venue meeting the needs of visitors on the go by providing packaged products such as snacks, cookies, candy and fruit as well as canned or bottled beverages - some prepackaged food items could also be offered, as demand requires

Vending: Space available for 4 machines, at least one bottled beverage required.

Mobile Cart: Bottled Water

## UNDERGROUND

### **Limited “Snack Bar”**

The underground operation provides guests with the opportunity to have a hot or cold beverage and light lunch or snack in the Cavern itself. Food must be pre-packaged and offered to guests a la carte or as part of a box lunch. There are approximately 50 seats available at picnic tables within a limited area of the cavern.

# Historical Revenues and Profits

The National Park Service  
Department of the Interior



Departmental Revenue	2001	2002	2003	2004	2005	Average
Merchandise	\$ 1,921,600	\$ 2,123,390	\$ 1,973,571	\$ 1,906,258	\$ 1,885,446	\$ 1,962,053
Food and Beverage	\$ 752,777	\$ 794,438	\$ 728,498	\$ 695,263	\$ 732,025	\$ 740,600
Kennel and Other	\$ 14,967	\$ 15,979	\$ 15,516	\$ 14,080	\$ 13,450	\$ 14,798
Total	\$ 2,689,344	\$ 2,933,807	\$ 2,717,585	\$ 2,615,601	\$ 2,630,921	\$ 2,717,452

- Merchandise is traditionally 70%+ of revenue
- 80% of all revenues done at the Surface
- Kennel not a significant source of revenue
- Stable revenues over the last five years

Departmental Profit	Departmental Expenses	Undistributed Expenses	Operating Profit (EBIT FF)
Merchandise	60%	20%	20%
Food and Beverage	70%		10%
Kennel and Other	75%		5%

- Merchandise is the most profitable
- Kennel and other approximately break-even

# Investment Requirements

The National Park Service  
Department of the Interior



## Estimated Required Initial Investment

<b>TOTAL</b>	<b>\$900,000 - 1,020,000</b>
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\* There is no Possessory Interest associated with this contract

\*\* These ranges represent estimates of the Service and are provided in 2007 year of expenditure dollars.

# Investment Requirements



## Estimated Required Initial Investment

Other Property (Personal Property)	\$310,000 - 380,000**
Other Property (Inventory)	\$240,000 - 290,000**

Sec 12(a) (1) Merchandise and supplies shall be valued at replacement cost including transportation. Equipment shall be valued at replacement cost less depreciation and obsolescence. If the Concessioner and the proposed purchaser cannot agree upon the fair value of any item or items, excluding possessory interest, the fair value thereof shall be determined by the majority vote of a board of three appraisers, selected as follows: Each shall name one member of such board and the two members so named shall select the third member. If the third member is not so selected within thirty days, the American Arbitration Association shall be requested by the Secretary to name such third member. The compensation and expenses of the third member shall be paid by the Concessioner and one-half of the amount so said shall be added to the purchase price. Before reaching its decision, the board shall give each of the parties a fair and full opportunity to be heard on the matters in dispute.

-CAVE001-70 Amendment #6

# Investment Requirements

The National Park Service  
Department of the Interior



## Estimated Required Initial Investment

**New Personal Property Investment (Minimum)**

**\$337,000**

<b>2007 Dollars</b>				
<b>Merchandise</b>	<b>Units</b>	<b>No of Units</b>	<b>Cost Per Unit</b>	<b>Total Cost</b>
Displays	Per	40	\$ 472	\$ 18,900
Point of Sale	Per	1	\$ 26,214	\$ 26,200
Merchandising Racks	Per	40	\$ 734	\$ 29,400
Miscellaneous	Per	1	\$ 68,157	\$ 68,200
Subtotal Retail				\$ 142,700
<b>Food and Beverage</b>				
Chairs	Per	120	\$ 79	\$ 9,400
Tables	Per	40	\$ 131	\$ 5,200
Point of Sale	Per	1	\$ 31,457	\$ 31,500
Equipment	SF	900	\$ 163	\$ 146,300
Subtotal Food				\$ 192,400
<b>Kennel</b>				
Miscellaneous	Per	1	\$ 1,573	\$ 1,600
<b>Total</b>				<b>\$ 337,000</b>



The minimum franchise fee under the Draft Contract is **7.0** percent of annual gross receipts.

# 2003 Prospectus vs. 2006 Prospectus

The National Park Service  
Department of the Interior



	2003 Prospectus	2006 Prospectus
<b>Required Investment in Real and Personal Property</b>	\$4.25 million	\$900K-1 million
<b>Facilities</b>	1 Year in current facility 1 year in interim operations 8 years in new facility	10 years in new facility
<b>Concessioner Maintenance Obligations</b>	All Maintenance for Assigned Areas	Janitorial and Housekeeping Only.
<b>Underground Operation</b>	Elimination of apparel merchandise, reduced sale of food	No reduction from existing
<b>Required Franchise Fee</b>	10%, with higher tiers for higher revenues	7%



# CAVE001-08

## Timeline and Next Steps

Offeror Site Visit

9/20/2006

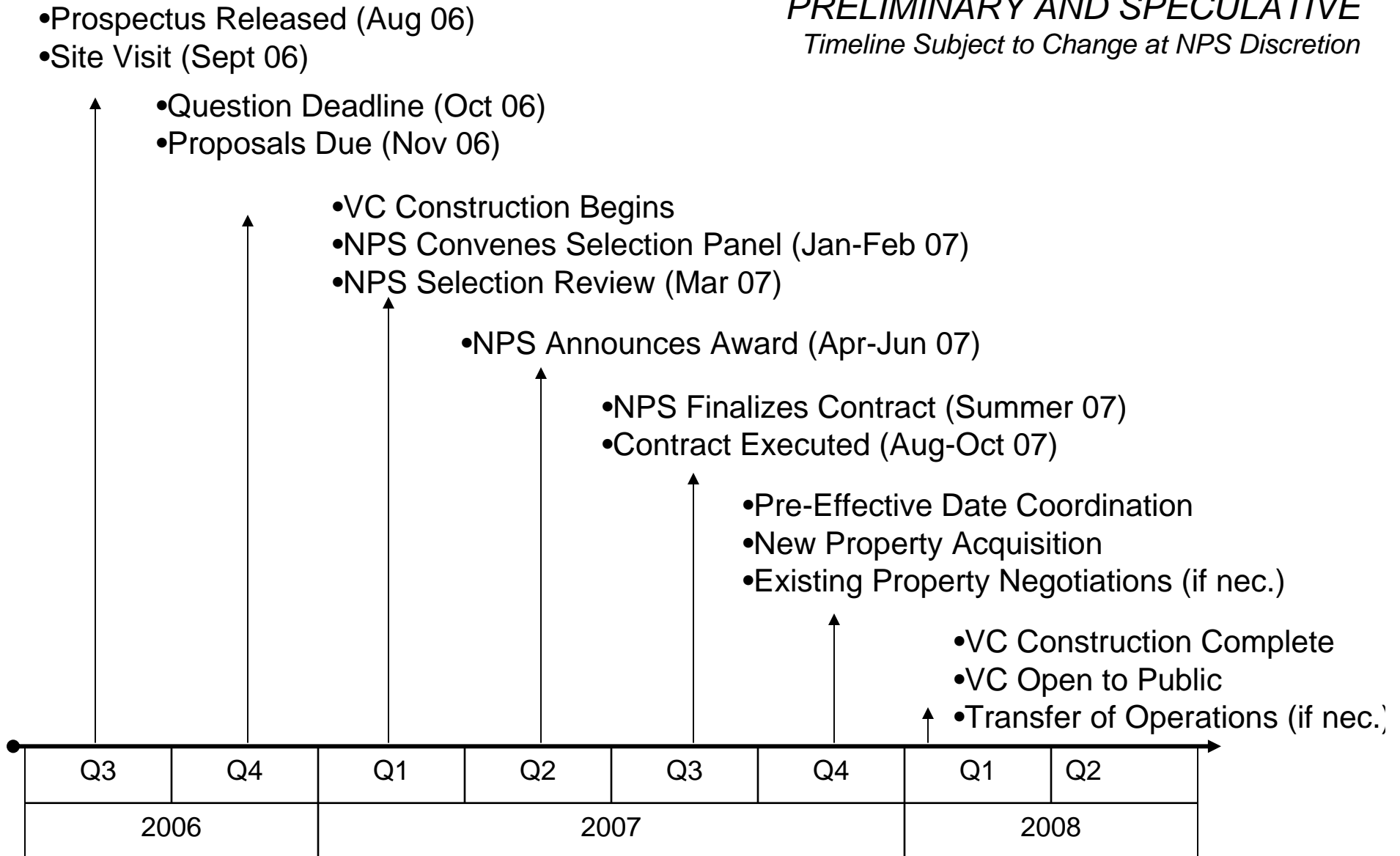


# Estimated Timeline

The National Park Service  
Department of the Interior



**PRELIMINARY AND SPECULATIVE**  
*Timeline Subject to Change at NPS Discretion*



# New contract and timing with the new VC



**Exhibit 18 Estimated Timeline For Concessioner Operations**

	<b>Jan 08</b>	<b>Feb 08</b>	<b>Mar 08</b>
Concessioner runs underground operation and interim surface operation under Existing Contract			
Concessioner is granted access to surface Concession Facilities for furnishing under New Contract			
Concessioner begins operating the new surface operation under New Contract			
Concessioner begins operating the underground operation under New Contract			

*\*Dates in the above table are estimated and may be adjusted depending upon the construction schedule of the visitor center rehabilitation project*



## Key Dates

PROSPECTUS ISSUED: Monday, 8/28/2006

SITE VISIT: Wednesday, 9/20/2006

QUESTIONS DUE: Thursday, 10/12/2006

PROPOSALS DUE: Monday, 11/27/2006

Questions and proposals must be **received** by the National Park Service no later than 4:00 P.M on the due date listed above and should be addressed to:

**National Park Service  
Intermountain Region  
Concessions Management (IMDE-ACM)  
Mr. Tom Williamson, Acting Chief  
12795 West Alameda Parkway  
Lakewood, Colorado 80228  
(303) 969-2582**

# Proposal Outline

The National Park Service  
Department of the Interior



- **PSF 1: CONSERVING AND PRESERVING RESOURCES (0-5)**

- Odors, Condensation, Lint and Litter
- Light and Noise
- Wildlife Interaction
- Visitor Education

- **PSF 2: PROVIDING VISITOR SERVICES (0-5)**

- Retail
  - ✓ Layout of new space
  - ✓ Merchandise Mix
- Food and Beverage
  - ✓ Layout of new space
  - ✓ Menu

- **PSF 3: EXPERIENCE AND RELATED BACKGROUND (0-5)**

- Management and Organization
- Staff recruitment, retention, and training
- Notice of Violations and Recognitions
- Previous Experience

- **PSF 4: FINANCIAL CAPABILITY (0-5)**

- Proven track record
- Viable proposal
- Funding

- **PSF 5: FEE (0-4)**

**SSF 1: ENVIRONMENTAL MANAGEMENT (0-3)**

**SSF 2: MARKETING (0-2)**

29 Points Possible

# Thank You

The National Park Service  
Department of the Interior



- Thank you for your attendance.
- We look forward to your proposal.
- Don't forget the reception at the Stevens!